

CONTRACT #4
RFS # 328.01-301

Tennessee Wildlife Resources
Agency (TWRA)

VENDOR:
Central Bank

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

RFS #	328.01-301		
STATE AGENCY NAME :	Tennessee Wildlife Resources Agency		
SERVICE CAPTION :	The REAL System		
CONTRACT #	FA0516159	PROPOSED AMENDMENT #	002
CONTRACTOR :	Central Bank		
CONTRACT START DATE :	November 1, 2004	RECEIVED	
CURRENT, LATEST POSSIBLE END DATE : (including ALL options to extend)	October 31, 2009	FEB 18 2005	
CURRENT MAXIMUM LIABILITY :	\$8,000,000.00	FISCAL REVIEW	
LATEST POSSIBLE END DATE <u>WITH</u> PROPOSED AMENDMENT : (including ALL options to extend)	October 31, 2009		
TOTAL MAXIMUM COST WITH PROPOSED AMENDMENT : (including ALL options to extend)	\$8,356,375.00		
APPROVAL CRITERIA : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service		
ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)			
(1) description of the proposed additional service and amendment effects :			

Tennessee Wildlife Resources Agency (TWRA) holds computerized randomized drawings for big game hunts 4 times per year. We propose that this system should be a part of the REAL system since processing of applications is linked to each applicant's license sales record on REAL and the license purchaser's unique number assigned by the REAL system. A participant must have purchased a hunting license to apply for a quota hunt drawing. Verification of the license is currently done manually but could be automatically verified by the REAL system at the time of application. The hunt drawing application will be available on the existing REAL internet site and at the POS devices at your local hunting and fishing retail outlets which participate as TWRA license agents.

Whether on the internet or at the POS terminal, the applicant will enter his TWRA license number and the information about the hunts for which he wants to be drawn. In real time, the license number will be checked to make sure it is a hunting license and the hunt information verified for accuracy. A unique hunt application number will be issued by the system to the applicant. This number will be his unique group number which he can give to other hunters who he would want to hunt with. Those people can then use that group number to join his party. At the time of the application all verifications and edits for accuracy will take place. All applicants will be placed in a table in the REAL database. The table will be updated as new group members apply.

TWRA staff will have the ability to enter some applications through administrative screens provided by the vendor. If at any time, TWRA would need to process mail-in applications, we would be able to enter them through this means. Other information can be easily entered by the TWRA staff prior to the taking of applications. Data can be entered into a table for the draw to use as parameters such as Hunt Codes associated with a hunt location; a description of the location; instructions to the hunter regarding a certain hunt; the quota of animals that can be taken at a certain location; dates when a hunter can hunt at that location; and the number of highest priority points for a quota hunt, etc.

The Quota Hunt draws will be run by the REAL system vendor using random calculations according to TWRA's guidelines.

After the draw has been completed, reports will be available on-line, hard copy or by an Infopac-type facility called VRDS. These reports will describe the drawn hunters choices, unsuccessful applicants, awarded hunts, priority status, group/party status, checking station locations, etc.

The REAL system will update every customer's record with his application transaction and his awarded hunts. The quota hunt information will be available for TWRA staff to review seconds after the application was taken and/or seconds after the draw has completed.

All hunter license purchasing information and his associated quota hunt records will be linked and viewable on one screen by TWRA staff. Priority for each year will be accumulated for each hunter who applies for a quota hunt. The priority information will also be available on the customer record. The system will keep a priority history file so that the draw will know which hunters will go into the draw system first.

The REAL system is divided into two areas: test and production. The TWRA IT staff has access to the test area so that the new module code and it's maintenance will be easily tested without running production data. An updated copy of production data is available on the test side for use in testing at all times.

It was determined that if the REAL system included the Quota Draw module it could not fit into any of the pricing structures already bid and accepted. Since quota hunt applications do not require fulfillment or in most cases no actual cash transaction, less effort is required of the vendor for items, such as credit card approval, printing permits, nor mailing costs. A contract amendment is being requested by TWRA to set the transaction fee for processing quota hunt applications on the internet by the REAL vendor. There are three different fees associated with applying for a quota hunt. The 3 fees have been negotiated between Central Bank and TWRA as follows.

1. If the applicant has purchased an annual sportsman license the fee is a flat \$2.00 - not other charges. Eighty percent of the applicants will not be charged for their hunt choices since they are sportsman license holders. A sportsman license includes all hunt choice fees. This is one of the perks of purchasing an annual sportsman license.
2. If the applicant has not purchase an annual sportsman license the fee is \$2.00 plus there will be an additional 50 cents per chargeable hunt. This constitutes 20 percent of applicants. They don't purchase the annual sportsman license and must pay \$20 for each hunt choice awarded. We estimate that 5000 out of the total 60,000 applicants would go to the internet (others will go to the POS where there is no charge whatsoever) which means each would pay \$2.00 plus 50 cents for each awardable choice.
3. Applications taken at the Point of Sale will remain at .88 cents per application. No additional costs will be added for hunt choices.

(2) explanation of need for the proposed amendment :

TWRA has had computerized random drawings for more than 30 years. The system that we currently use is that same legacy COBOL system that was installed 30 years ago with some modifications. The application data is input at TWRA using an out-of-production data entry software tool called LifeWorks. The data is uploaded to the state mainframe in batched data format using RJE. When business rules change, program changes must be made both at the data entry program side and the mainframe side. The current system is difficult to maintain since much of the system documentation is lacking and needs to be written. Currently, there is no testing area available to TWRA staff to assure that program maintenance was carried out as needed. In the past year, we have had errors in the output of the system that have cost the Agency reputation points with the hunting public. Due to maintenance errors and poor testing, hunts were awarded in error and mailed in error. The draw was run again and the permits were mailed a second time, only to find out that there continued to be errors.

If this module was added to the REAL system, the TWRA staff can easily maintain much of the draws by just being able to enter quota information directly to the draw tables. This would be done all on-line. Any additions or changes would be audited and tracked by user name, id, date and time. In that way, no changes can be made without the knowledge of the system. Currently, there is no such facility. Also, numerous program and system iterations (up to 5 years) will be kept in a system library, which is not possible now.

(3) name and address of the proposed contractor's principal owner(s) :
(not required if proposed contractor is a state education institution)

Sam B. Cook, 238 Madison St, Jefferson City, MO 65101

(4) documentation of OIR endorsement of the Non-Competitive procurement request :
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

☒

Documentation Attached to this Request

(5) documentation of Department of Personnel endorsement of the Non-Competitive procurement request :
(required only if the subject service involves training for state employees)

select one:

☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

(6) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :

During the creation of the REAL RFP, TWRA planned for all enhancements to fall within the pricing structure outlined in section C.3 Payment Methodology. TWRA did not plan to add Quota Hunts at that time. The RFP was already evaluated and awarded when the programming errors occurred as described above. TWRA asked for an estimate from OIR for rewriting the COBOL program code now run on the state mainframe to a more streamlined system, as well as, providing more up-to-date documentation. Cost being as always an issue, we found that the estimate for the rewrite plus the documentation from OIR is much higher than the cost to add the quota hunt module to the REAL system.

The other feasible alternative to the current vendor (CTB) providing quota hunt transactions via the internet is the State's Portal Vendor (NIC). After discussions with the general manager of NIC, Angela Nordstrom, it was determined by the TWRA staff that two serious complications would prohibit a timely and cost effective solution. They are: 1) on-line/real-time access to the REAL database by a competitor of CTB who is not part of the current contract and 2) NIC is not in a position to write applications for POS devices.

(7) justification of why the F&A Commissioner should approve a Non-Competitive Amendment :

The requested amendment for the Quota Hunt module, as described, integrates into the current Licensing and Permitting system (REAL) seamlessly. The Quota Hunts module can easily be incorporated and accessed through an integrated system, since it relies on customer license data to build and update the quota drawing initially as well as during the draw. The REAL system houses all the customer sales data. This is where all the license purchasing history of a customer resides including his name, address, ssn, twra id, and all his personal identifying information such as eye color, weight, gender, and the draw award history. This data is needed to run the quota system no matter where it is located. If it is integrated into the REAL system less manual work by TWRA staff is required.

Also, there is a cost saving associated with using the REAL system. By automating the Quota Hunts into REAL, TWRA will no longer need as many data entry personnel associated with this application except in the first year. With REAL the customer enters his own application either on an application programmed on the internet or at a POS device. Temporary positions filled each year to review and edit paper applications before keying would be abolished. When you add the savings of data entry staff and the cost avoidance of maintaining the current COBOL programs (\$125,000), there is a cost savings found for TWRA. These monies would be transferred from the TWRA ISM division and Wildlife Management Divisions' budgets into the REAL system budget. In actuality, TWRA would have a cost savings of approximately \$50,000 to \$100,000 per year over the current system. If the quota hunt system was not integrated into the REAL system, where much of the data already resides, costs would not be reduced.

Cost avoidance for rewriting programs is another major factor. OIR has estimated the cost to document and reprogram the current

OL system at \$375,356.10. The REAL vendor has estimated their costs to develop the system at \$27,375.00 which includes programming and documentation plus the system will interface with the REAL data. The current REAL system contractor's pricing to complete the analysis, programming development and documentation is far below the cost that the state would incur to complete it themselves.

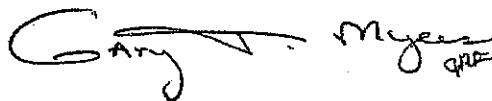
TWRA will not pay fees to the vendor for internet usage. That fee will be paid by the purchaser as an electronic license agent fee. The legislation for this fee is quoted in TCA 70-2-106 (b)(1). TWRA refers to this TCA as the electronic license agent fee. TWRA will pay the current transaction fee of 88 cents per application taken on a POS terminal. This is the same amount paid per transaction on the current contract for any license type TWRA sells. In addition, TWRA will incur the cost of paying each license agent a \$1 fee for every application taken on the POS terminal. TWRA has traditionally and contractually always paid the license agent the dollar agent fee for any license sold. We estimate that 35,000 people would apply at a license agent which would cost TWRA \$30,800 for the transaction fee and \$35,000 for the agent fee. These figures, including the development fee, totals \$93,175.00. This amount is still lower than the cost estimates provided by OIR when costed out over a 5 year period.

As stated in the previous paragraph, TWRA would incur no costs for a customer using the internet to complete his quota hunt application when the system is integrated into REAL. Central Bank and TWRA have negotiated an electronic agent fee of \$2.00 for each application. In addition, there would be a .50 cent fee to an internet customer for any chargeable hunts. TWRA estimates that there would be only 10% internet applicants of the 60,000 total applicants that the 50 cent hunt choice fee would apply to. In explanation, if a customer is an annual Sportsman license holder he pays no chargeable hunt choice application fees. His top fee would be only the flat \$2.00 electronic agent fee. If the applicant doesn't hold a Sportsman license then he pays \$20 per choice to TWRA plus an additional 50 cents per chargeable choice. An applicant can currently choose between one and five choices for one of the quota hunts (special season quota draw with only 10% of the 25,000 applicants affected by the additional 50 cent fee). The special season internet applicant with no sportsman license would pay a minimum of \$2.50 (one choice) or a maximum of \$4.50 (five choices). The other quota hunts have only one or two chargeable choices available, affecting only 10% of the remainder. These customers would pay the either \$2.50 (one chargeable choice) or \$3.00 (two chargeable choices).

We currently pay OIR around \$125,000 per year to maintain our Quota Hunts programs. If maintenance continues at that rate, over a five year period, we would pay \$625,000, in addition to the \$375,356.00 documentation and development costs. Carrying out this same process for the REAL vendor, Central Bank, we calculate that over a 5 year period costs would total \$329,000 plus the \$27,375 for development.

AGENCY HEAD REQUEST SIGNATURE:

(must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)



SIGNATURE DATE:

Amendment 2 to RFP 328.01-301**February 22, 2005**

- C.3.18 Payment Methodology: One Completed Internet Quota Hunt Application Transaction Fee for Annual and Lifetime Sportsman License Holders. This fee will be applied as stated regardless of the number of hunt choices made by the Sportsman and regardless of the number of hunts the Sportsman requests to be awarded. The Contractor shall be compensated based on One Completed Internet Quota Hunt Application Transaction Fee for Annual and Lifetime Sportsman License Holders Transaction Fee in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor shall be compensated based upon the following Unit Rate:

<u>Service Unit</u>	<u>Rate</u>
One Completed Internet Quota Hunt Application Transaction Fee for Annual and Lifetime Sportsmen License Holders	\$2.00

- C.3.19 Payment Methodology: One Completed Internet Quota Hunt Application Transaction Fee for Non Sportsman License Holders. This fee will be applied as stated regardless of the number of hunt choices made by the Customer. The Contractor shall be compensated based on One Completed Internet Quota Hunt Application Transaction Fee for Non Sportsman License Holders Transaction Fee in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor shall be compensated based upon the following Unit Rate:

<u>Service Unit</u>	<u>Rate</u>
One Completed Internet Quota Hunt Application Transaction Fee for Non Sportsman License Holders	\$2.00 plus \$0.50 for each requested hunt award

- C.3.20 Payment Methodology: One Completed POS Quota Hunt Application Transaction Fee for Both Annual and Lifetime Sportsman and Non Sportsman License Holders. This fee will be applied as stated regardless of the number of hunt choices made by the Customer and regardless of the number of hunts the Customer requests to be awarded. The Contractor shall be compensated based on One Completed POS Quota Hunt Application Transaction Fee for Both Annual and Lifetime Sportsman and Non Sportsmen License Holders in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor shall be compensated based upon the following Unit Rate:

<u>Service Unit</u>	<u>Rate</u>
One Completed POS Quota Hunt Application Transaction Fee for Both Annual and Lifetime Sportsman and Non Sportsman License Holders	\$0.88



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF CONTRACTS REVIEW
12TH FLOOR, WILLIAM R. SNODGRASS TENNESSEE TOWER
NASHVILLE, TENNESSEE 37243

FAX TRANSMITTAL

NUMBER OF PAGES (INCLUDING COVER): 10

TO:	Travis Johnson	FAX #	532-0471
FROM:	Office of Contracts Review – Priscilla Wainwright		
DATE:	2/2/05		
RE:	328.01-301		
<small>This facsimile message is intended only for the use of the individual or entity named above. If the reader of the message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify the sender by telephone and return the original message to the sender. Receipt by anyone other than the intended recipient is not a waiver of any attorney-client or work-product privilege.</small>			

The above-referenced service procurement document is hereby forwarded to the Office for Information Resources (OIR) for review. The subject scope of services appears to include information systems services or technical support activities. We want to coordinate this matter with you both to ensure that you are aware of the procurement and that you have no objections.

Please review the attached to determine whether OIR is supportive of such a procurement in accordance with the rules and policy governing service contracting. If OIR is supportive, please indicate such by signing below and returning this memorandum by facsimile to the Office of Contracts Review (at 253-5811). If you identify problems with the procurement please notify us.

Thank you for your help.

OIR SUPPORTS THE SUBJECT PROCUREMENT

Travis Johnson
Office for Information Resources

2/16/05
Date

Approved for Bill Ewell.

Post-It® Fax Note	7671	Date	2/10/05	# of pages	2
To	CAROL FREEMAN	From	TRAVIS		
Co./Dept.		Co.			
Phone #		Phone #	741-5727		
Fax #		Fax #			

Carol,

Here's the signed OIR
endorsement form. Give
me a call if you have
any questions.

Thanks,
TRAVIS

SMALL PROJECT

Project Name: Automated Quota Hunt System	Project Number: 04-00009
Sponsor/Contact: Larry Marcum	Project Fiscal Year: 2004-2005
Agency/Division: TWRA/Wildlife	Priority: 3 of 12
	Funding Source Initial Costs: Other
	Funding Source Operational Costs: Other

Business Goal or Objective:

To establish and maintain a healthy wildlife population, to increase the distribution to all suitable habitat and to increase population levels to provide improved wildlife hunting.

Functional & Technical Description:

This system would allow applicants for wildlife hunt draws two new options for applying for hunts. Applicants would be able to apply at any license sales agent using Point of Sale technology or via the internet. Forms vary on the number of applicants allowed per form. Some forms accept 15 applicants – others only one applicant. The total number of application forms received each year is approximately 20,000, with an average of three applicants per form. Currently, the applications are paper forms mailed in to the agency for data entry and batch update to the mainframe. Under the new system, the vendor will collect the applications electronically and run the draw. The vendor will update their server with the successful applicants as well as the unsuccessful. The TWRA staff will access the data and format it for either printing a permit to the successful applicant or a refund check for the unsuccessful applicant.

The financial data below does not include costs of \$60,000.00/year (approximately \$2.00 per applicant) for the Internet application process. This cost is paid by the customer to the license agent as an electronic license agent fee. The license agent being our current REAL contractor.

In explanation, TWRA has retail stores used as license agents located across Tennessee which sell our licenses and remit the license fees back to our sales office. Each of these retail merchants (license agents) add a \$1 for every annual license sold or 50 cents for every trip license sold. The license fee is remitted to TWRA and the license agent retains the additional license agent fee. In the case of the internet and telephone agent fee, TWRA has legislated the fees associated with the issuance of licenses as outlined in TCA 70-2-106 (b)(1). The additional wording was added to TCA 70-2-106 (b)(1) addressing license agent fees made by a telephone or an internet vendor: "In lieu thereof, the executive director is authorized to establish an agent fee, through competitive bidding contract procedures, for the successful bidder to sell licenses, permits, stamps, tags, registrations and other privileges as specified by the agency, over the telephone or through other electronic means."

Also, the spreadsheet below does not show annual cost savings of approximately \$68,000.00, annual cost avoidance of \$125,000.00 in maintenance costs, or a one time cost avoidance of over \$375,000.00 for rewriting the system in OIR.

Initial Costs			
Cost Category *	Description	Existing Costs	New Costs
Personnel	Agency I.T. Staff (2 x 100 hours x \$35.00)	\$3,500.00	
Software	Vendor Application Development:		\$27,375.00
Hardware			
Security			
Communications			
Training			
	Totals:	\$3,500.00	\$27,375.00
Operational Costs			
Cost Category *	Description	Existing Costs	New Costs
Personnel	Agency I.T. Staff (1 x 25 hours x \$35.00)	\$875.00	
Software			
Communications			

Other	Point of Sale Transaction Fees: 0.88 X 35,000 transactions		\$30,800.00
Other	License Agent Fee 1.00 x 35,000		\$35,000.00
	Totals:	\$875.00	\$65,800.00

Total Initial (New + Existing)	\$30,875
Total Operational (New + Existing)	\$66,675



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE FOR INFORMATION RESOURCES**

**DAVE GOETZ
COMMISSIONER**

**312 EIGHTH AVENUE NORTH
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TELEPHONE (615) 741-7358
FAX (615) 532-0471**

**JAMIE ETHERIDGE, QUALITY, PLANNING,
PERFORMANCE & SECURITY
MIKE DEDMON, BUDGET
HOPE BRAGG, SYSTEMS DEVELOPMENT, SUPPORT
& SPECIAL PROJECTS
VAN MOFFATT, ENTERPRISE COMPUTING SUPPORT
ROGER PELHAM, DATA NETWORKING &
TELECOMMUNICATIONS
RICK WELLS, DATA RESOURCE MANAGEMENT
GLADYS WOLFE, IT PLANNING & RESEARCH**

MEMORANDUM

TO: Carol Freeman, Information Systems Director
Tennessee Wildlife Resources Agency

FROM: Jamie Etheridge, Chair
IT Assessment & Budget Committee

DATE: January 25, 2005

SUBJECT: Automated Quota Hunt System – 04-00009

The IT-ABC has reviewed the Project Proposal for the Automated Quota Hunt System. This project is approved to proceed. As projects of this nature are submitted in the future, please remember to estimate the transaction costs in the Operational Cost section of the Project Proposal. While this specific transaction cost is not paid by the agency (customer paid), it is part of the cost of the system and should be acknowledged as such in the description field.

If you have any questions, please call me at 741-7358 or Leighanne Haynes at 253-4781. Also, feel free to call upon any of the various sections of OIR if we can provide you with any assistance in planning for your information technology needs.

CC: Bill Ezell, Chief Information Officer
IT-ABC Members
Budget Analyst